Objective

To understand how market sentiment (Fear/Greed) affects trader behavior and performance on Hyperliquid, and to derive practical trading rules.

Methodology

- Converted trade-level data into **daily metrics per trader** (PnL, number of trades, average trade size).
- Merged daily trader data with **market sentiment labels** (Fear, Greed, Extreme Greed, Neutral).
- Compared trader performance and behavior across sentiment regimes.
- Segmented traders into:
  - **Frequent vs Infrequent** (based on trades per day)
  - **Consistent vs Inconsistent** (based on win rate)

Key Insights

1. **Fear days perform best**
   - Highest average and median PnL.
   - Win rate above 90%, showing strong consistency.
2. **Extreme Greed is risky**
   - Median PnL is close to zero.
   - Most traders lose; profits are made by only a few.
3. **Traders change behavior with sentiment**
   - More trades and larger positions during Fear.
   - Traders actively use volatility instead of avoiding risk.

Strategy Recommendations

1. **Trade more actively during Fear**
   - Allow higher trade frequency and position size for experienced traders.
2. **Reduce risk during Extreme Greed**
   - Lower leverage and exposure for most traders.
3. **Use trader segments for risk control**
   - Apply stricter limits to infrequent or inconsistent traders during risky sentiment periods.